

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM[495]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 97B.4 and 97B.15, the Iowa Public Employees' Retirement System (IPERS) hereby gives Notice of Intended Action to amend Chapter 4, "Employers," Chapter 6, "Covered Wages," Chapter 16, "Domestic Relations Orders and Other Assignments," and Chapter 21, "Mergers," Iowa Administrative Code.

The proposed amendments implement new contribution rates for IPERS special service employers and members and clarify provisions for the administration of marital property orders.

The proposed amendments also clarify that IPERS determines covered wage limits under both Sections (A) and (B) of IRC Section 401(a)(17). The express references to Sections (A) and (B) were inadvertently omitted when the rules were revised and republished in 2008. The related proposed changes correct that error.

There are no waiver provisions included in the proposed amendments.

Any person may make written suggestions or comments on the proposed amendments on or before January 18, 2011. Such written suggestions or comments should be directed to the IPERS Administrative Rules Coordinator at IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. Persons who wish to present their comments orally may contact the IPERS Administrative Rules Coordinator at (515)281-3081. Comments may also be submitted by fax to (515)281-0045 or by E-mail to adminrule@ipers.org.

A public hearing will be held on January 18, 2011, at 9 a.m. at IPERS, 7401 Register Drive, Des Moines, Iowa, at which time persons may present their views either orally or in writing. Persons who attend the hearing will be required to give their names and addresses for the record and to confine their remarks to the subject matter of the amendments.

The amendments to special service contributions were prepared after consultation with IPERS actuary, the Investment Board, the Benefits Advisory Committee, and IPERS administration. The remaining amendments were prepared in consultation with IPERS legal advisors and IPERS administration.

These amendments are intended to implement Iowa Code sections 97B.4 and 97B.15.

The following amendments are proposed.

ITEM 1. Amend subrule 4.3(8) as follows:

4.3(8) *Contributions paid on wages in excess of the annual covered wage maximum.* For wages paid on or after July 1, 2008, whenever IPERS determines that an employee's wages will exceed the annual maximum established under Section 401(a)(17)(A) and the cost-of-living adjustments to that maximum permitted under Section 401(a)(17)(B) of the Internal Revenue Code during a given month, IPERS shall notify the applicable employer and shall return the related excess contributions. IPERS will detail on the monthly report those employees for whom wages were reported in excess of the covered wage ceiling. The employer is responsible for returning the employee's share of excess contributions and making the applicable tax corrections.

ITEM 2. Amend subrule 4.6(1) as follows:

4.6(1) Contribution rates for regular class members.

a. ~~Effective July 1, 2007, except as otherwise provided by law, the~~ The following contribution rates shall be effective for all covered members except those identified in subrules 4.6(2) and 4.6(3) were established by the Iowa legislature for all regular class members for the indicated periods:

	Ended June 30, 2007	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011
Combined rate	9.45%	9.95%	10.45%	10.95%	11.45%	13.45%
Employer	5.75%	6.05%	6.35%	6.65%	6.95%	8.07%
Employee	3.70%	3.90%	4.10%	4.30%	4.50%	5.38%

b. Effective July 1, 2011, 2012, and every year thereafter, the contribution rates for regular members shall be publicly declared by IPERS staff no later than the preceding December as determined by the annual valuation of the preceding fiscal year. The public declaration of contribution rates will be followed by rule making that will include a notice and comment period and that will become effective no later than July 1 of the next fiscal year.

ITEM 3. Amend subrule 4.6(2) as follows:

4.6(2) Contribution rates for sheriffs and deputy sheriffs are as follows.

	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011
Combined rate	15.40%	15.04%	15.24%	17.88%	19.66%
Employer	7.70%	7.52%	7.62%	8.94%	9.83%
Employee	7.70%	7.52%	7.62%	8.94%	9.83%

ITEM 4. Amend subrule 4.6(3) as follows:

4.6(3) Contribution rates for protection occupation are as follows.

	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011
Combined rate	14.11%	14.08%	15.34%	16.59%	16.62%
Employer	8.47%	8.45%	9.20%	9.95%	9.97%
Employee	5.64%	5.63%	6.14%	6.64%	6.65%

ITEM 5. Amend rule 495—6.1(97B) as follows:

495—6.1(97B) IRS requirements. Wages as discussed in this chapter shall not exceed the amount permitted for a given year under ~~Section~~ Sections 401(a)(17)(A) and (B) of the Internal Revenue Code, which are incorporated herein by this reference.

ITEM 6. Amend subrule 6.4(2) as follows:

6.4(2) One quarter of service will be credited for each quarter in which a member is paid IPERS covered wages.

a. “Covered wages” means wages of a member during periods of service that do not exceed the annual covered wage maximum as permitted for a given year under ~~Section~~ Sections 401(a)(17)(A) and (B) of the Internal Revenue Code, which are incorporated herein by this reference.

b. Effective January 1, 1988, covered wages shall include wages paid a member regardless of age. (From July 1, 1978, until January 1, 1988, covered wages did not include wages paid a member on or after the first day of the month in which the member reached the age of 70.)

c. If a member is employed by more than one employer during the calendar year, the total amount of wages paid by all covered employers shall be included in determining the annual covered wage limit established under ~~Section~~ Sections 401(a)(17)(A) and (B) of the Internal Revenue Code. If the amount of wages paid to a member by several employers during any given month exceeds the covered wage limit as determined for that calendar year, the amount of the excess shall not be subject to contributions required by Iowa Code section 97B.11. IPERS shall not accept excess wages and applicable contributions from employers and shall return excess contributions as provided in 495—subrule 4.3(8).

ITEM 7. Amend subparagraph **16.2(2)“a”(3)** as follows:

(3) Clearly specifies the period to which such order applies, ~~including whether benefits cease upon the death or remarriage of the alternate payee;~~

ITEM 8. Amend paragraph **16.2(3)“a”** as follows:

~~a. Payment to an alternate payee shall be made in a like manner and at the same time that payment is made to the member.~~ IPERS uses the shared payment method for payments under a domestic relations order. Payment to the alternate payee shall be in a lump sum if the member's benefits are paid in a lump sum distribution or as monthly payments if the member's benefits are paid under a retirement option is in effect. A member shall not be able to receive an actuarial equivalent (AE) under Iowa Code section 97B.48(1) unless the total benefit payable with respect to that member meets the applicable requirements. All divisions of benefits shall be based on the gross amount of monthly or lump sum benefits payable. Federal and state income taxes shall be deducted from the member's and alternate payee's respective shares and reported under their respective federal tax identification numbers. Unrecovered basis shall be allocated on a pro rata basis to the member and alternate payee.

ITEM 9. Amend subrule 21.1(4) as follows:

21.1(4) All wage records for current active members shall be summarized on the quarterly basis used by IPERS to determine a member's IPERS benefits. IPERS will not independently verify wage records; but will monitor those records to ensure that IRC ~~Section~~ Sections 401(a)(17)(A) and (B) limits are not exceeded.